



WYOMING DEPARTMENT OF CORRECTIONS

Policy and Procedure #1.106

Fiscal Control

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Authority: Wyoming Statute(s): 25-1-104; 25-1-105; 9-2-2012; 9-4-206; 9-4-217. ACA Standard(s): 2-CO-1B-05; 2-CO-1B-06; 2-CO-1B-07-R; 4-APPFS-3D-23; 4-APPFS-3D-26; 4-4027; 4-4031; 4-4033; 4-4034; 4-4036.		Effective Date: February 15, 2015 Revision/Review History: 06/01/14 01/01/13 06/15/12
Summary of Revision/Review: Updates existing policy pursuant to annual review.		
Cross Reference of Policy: P&P #1.101, <i>Fiscal Standards</i>	Supersedes Existing Policy :	
Approved: R.O. Lampert Robert O. Lampert, Director		
2-2-15 Date		

REFERENCE

1. ATTACHMENTS:

- A. WDOC Form #176.1, *Signature Verification Form*
- B. WDOC Form #176.2, *Authorized Signature Form*
- C. Wyoming State Treasurer, State Agencies Checking/Savings Account, *Monthly Reporting Form*

2. OTHER:

- A. Wyoming State Treasurer, *Petty Cash Guidelines*.
- B. State Auditor's Office, *WOLFS III Financial User Guides (Overview, Budget, Expenditure, Revenue and Projects & Grants)*.



I. PURPOSE

- A. **Guidelines for Fiscal Activities.** The purpose of this policy and procedure is to establish uniform guidelines by which the Wyoming Department of Corrections (WDOC) will regulate internal controls, petty cash, bonding and signature control on checks, payment vouchers and offender accounts. (ACA 4-4027; 2-CO-1B-05; 4-APPFS-3D-23) This procedure will provide for the collection of cash, timely deposits and operation of the various cash funds, trust in agency accounts and depositories.
- B. **Guidelines for Fiscal Audits.** The purpose of this policy and procedure is also to establish guidelines by which the WDOC will conduct fiscal audits.

II. POLICY

- A. **Fiscal Control.** It is the policy of the WDOC to maintain written financial guidelines and account procedures which demonstrate compliance with applicable Wyoming state statutes and governing agency regulations.
1. Written policy, procedure and practice demonstrate that the procedures for the collecting, safeguarding and disbursing of monies comply with accounting procedures established by the governing jurisdiction. These procedures will be reviewed annually and updated, as needed. (ACA 4-4031)
- B. **Financial Audits.** WDOC will conduct internal financial audits annually and may request the Wyoming Department of Audit perform a review of the agency every third year.
1. Written policy, procedure and practice provide for an independent financial audit of the agency, including correctional facilities. This audit is conducted annually or as stipulated by statute or regulation, but at least every three (3) years. If the agency is part of a state system, an internal audits section or department of the agency's central administration and/or statutory agency shall be considered independent of the agency to be audited. (ACA 4-4036; 2-CO-1B-07-R; 4-APPFS-3D-26)

III. DEFINITIONS

- A. **Agency:** Wyoming Department of Corrections (WDOC)



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- B. Agency Director/Director:** The chief administrative head of the Wyoming Department of Corrections per W.S. § 9-2-2012(b) and W.S. § 25-1-104(a).
- C. Agency Designee:** (*For this policy only.*) The individual(s) who has been delegated the authority in writing by statute, or by the agency director, to approve specified matters.
- D. Bank Account:** (*For this policy only.*) An account approved by the State Treasurer that is established by the WDOC in any designated financial institution for the purpose of conducting state business.
- E. Chief Executive Officer (CEO):** A CEO is identified, but not limited to, the following positions: Director, Deputy Director, division administrators, deputy administrators, wardens, district supervisors, adult community corrections coordinator and adult community corrections directors.
- F. Employee:** (*For this policy only.*) Any individual employed by the Wyoming Department of Corrections in full-time, part-time, or advisory capacity regardless of whether or not the individual receives compensation for his services.
- G. Fiscal Officer:** A WDOC employee responsible for collecting cash receipts and making deposits to bank accounts.
- H. Petty Cash:** Cash kept on hand for payment of minor items. Petty cash includes change fund accounts and imprest fund accounts.
- I. Petty Cash Fund:** A revolving cash account approved by the State Treasurer and established for the advanced cash purchase of supplies and services that cannot be purchased using either the State of Wyoming purchasing card (p-card) or the established state voucher payment system.
- J. Signature:** An original, handwritten, ink signature, not a stamp, mechanical or other duplication.
- K. Vendor:** (*For this policy only.*) A person or company who sells goods or provides services.
- L. WOLFS:** Wyoming On-Line Financial System is designated as the State of Wyoming's uniform state accounting system required under W.S. §9-4-217(a).

IV. PROCEDURE



- A. **Internal Controls.** Interest in internal control in government has increased in recent years as governments have become more complex and as taxpayers have demanded more accountability. State employees should view this information as a guide to assist them in managing their operations. Government employees entrusted with public resources are responsible, among other things, for complying with state and federal laws and regulations, meeting goals and objectives, and safeguarding assets. A good internal control system can assist employees in carrying out these responsibilities. Employees often underestimate the importance of internal controls, or think internal controls amount to merely separating duties. However, internal controls encompass a comprehensive system that is critical to assisting WDOC personnel in managing risk and carrying out agency programs and administrative activities effectively and efficiently.
1. **Internal Control Framework.** An effective system of internal control can give managers the means to provide accountability for their programs, as well as the means to obtain reasonable assurance that the programs they direct meet established goals and objectives. However, all the people in an organization, not just managers, have a part in and a responsibility for internal control. Internal control impacts agency directors who establish an organization's strategic plan, as well as support staff who process payment transactions.
 2. **Organizational Roles.** Internal control is oriented around WDOC's mission. Every WDOC staff member has a role in the system of internal control since every work activity should be directed toward achieving the WDOC mission. Very often, an individual's position in the organization determines the extent of that person's involvement in internal control. WDOC shall assign certain responsibilities for internal control to individuals where needed. These individuals should be responsible for coordinating the internal control activities of their respective agency, division, or functional unit. These responsibilities help to: establish a system of internal control; establish a system of internal control review; make available management policies and guidelines for all employees; and implement education and training about internal control and internal control evaluations. However, the establishment of positions responsible for evaluating internal control does not in any way diminish the responsibility of agency directors and managers to oversee internal control in their operations. It is important to note that the duties and responsibilities of the "internal control coordinators" should be separate from those of the agency's internal auditor. The internal auditor is responsible for evaluating the effectiveness of this system, and should be independent of the processes he or she audits. Therefore, the same individual cannot simultaneously fulfill the responsibilities of internal control coordinators and internal auditor and effectively maintain the



necessary independence.

3. **Definition of Internal Control.** Understanding the definition of internal control is critical to understanding the concepts which follow. *Internal control* or an *internal control system* is the integration of the activities, plans, attitudes, policies, and efforts of the people of an organization working together to provide reasonable assurance that the organization will achieve its objectives and mission.
4. **Four Purposes of Internal Control.** As stated in the above definition, internal control is a means for achieving the organization's objectives and mission. That is its ultimate purpose. More specifically, as defined by the International Organization of Supreme Audit Institutions, there are four purposes of internal control:
 - i. To promote orderly, economical, efficient and effective operations and to produce quality products and services consistent with the organization's mission;
 - ii. To safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud;
 - iii. To ensure adherence to laws, regulations, contracts and management directives; and
 - iv. To develop and maintain reliable financial and management data, and to accurately present that data in a timely report.
 - a. If an organization addresses each of these four purposes in developing its internal control system, the organization will most likely achieve its objectives and mission. Failure to adequately address any one of these purposes may put the organization at risk. The question then is, how does an organization ensure that it does address these four purposes? The answer lies in establishing a sound internal control system.
 - b. Typically, management's internal control system has components which direct attention to various areas and functions in the organization. We have identified five components as *essential internal control standards*: Control Environment, Communication, Assessing and Managing Risk, Control Activities, and Monitoring.

5. **Internal Control System Components and Standard Control**



Environment.

- i. **Control Environment.** Control Environment is the attitude toward internal control and control consciousness established and maintained by the management and the employees of an organization. It is a product of management's philosophy, style and supportive attitude, as well as the competence, ethical values, integrity, and morale of the organization's people. The organization structure and accountability relationships are key factors in the control environment. The strength of the system of internal control is dependent on people's *attitude* toward internal control and their attention to it. Executive management needs to set "the tone at the top" in this regard. If executive management does not establish a strong, clearly stated support for internal control, the organization as a whole will most likely not practice good internal control. Similarly, if individuals responsible for control activities are not attentive to their duties, the system of internal control will not be effective. People can also deliberately defeat the system of internal control. For example, a manager can override a control activity because of time constraints, or two or more employees can act together in collusion to circumvent control and "beat the system." To avoid these kinds of situations, WDOC will continually monitor employee activity and emphasize the value of internal control.
- ii. **Communication.** Communication is the exchange of useful information between and among people and organizations to support decisions and coordinate activities. Within an organization, information should be communicated to management and other employees who need it in a form and within a time frame that helps them to carry out their responsibilities. Communication also takes place with outside parties such as customers, suppliers and regulators.
- iii. **Assessing and Managing Risk.** Assessing and managing risk are events that threaten the accomplishment of objectives. They ultimately impact an organization's ability to accomplish its mission. Risk assessment is the process of identifying, evaluating and determining how to manage these events. At every level within an organization there are both internal and external risks that could prevent the accomplishment of established objectives. Ideally, management should seek to prevent these risks. However, sometimes management cannot prevent the risk from occurring. In such cases, management should decide whether to accept the risk, reduce the risk to acceptable levels, or avoid the risk. To have



reasonable assurance that the organization will achieve its objectives, management should ensure each risk is assessed and handled properly. As organizations become more complex and introduce new processes, the need for internal control increases and the types of internal control activities become more sophisticated. For example, a system of internal control should include methods to decrease the risks associated with modern information technology. WDOC will streamline operations and take advantage of the advances in information systems technologies. The various types of electronic commerce, including FAX, electronic data interchange (EDI), electronic funds transfers and electronic messaging, have integrated manual processes and automated processes. WDOC will develop the appropriate means of controlling these risks.

- iv. **Control Activities.** Control activities are tools - both manual and automated - that help prevent or reduce the risks that can impede accomplishment of the organization's objectives and mission. Management should establish control activities to effectively and efficiently accomplish the organization's objectives and mission.
- v. **Monitoring.** Monitoring is the review of an organization's activities and transactions to assess the quality of performance over time and to determine whether controls are effective. Management should focus monitoring efforts on internal control and achievement of organization objectives. For monitoring to be most effective, all employees need to understand the organization's mission, objectives, responsibilities, and risk tolerance levels. All the above components are important to the success of an organization. However, the control environment is especially significant. This component is the foundation on which the other components depend. If this foundation is not complete and strong, the rest of the system will not be as effective as it should be in ensuring that the organization accomplishes its mission.

B. Delegation of Authority.

- 1. The Wyoming State Governor delegates to each agency director the certifying authority for their agency.
- 2. Wyoming statutes require that all legal obligations, contracts, payments, payroll and other financial transactions be authorized and approved by the agency director. Each agency director may appoint responsible persons within their agency as either an "agency director designee" or "agency approval". Delegation may be for all legal obligations, contracts,



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payments, payroll and other financial transactions agency wide or it may be restricted; for example, department only, obligations only, payments only, payroll only, or by transaction, appropriation, organization, dollar limit or any combination thereof. Delegation of signatory authority should support the internal controls of the agency and the departments. There can be no sub-delegations; designees cannot in turn sub-delegate such authority to another. If an authorized signatory will be unavailable (personal leave, jury duty, vacation, sick, maternity, disability, *etc.*) the individual covering for the authorized signatory must receive direct authorization from the agency director and/or the agency director designee, which must be filed with the WDOC Accounting Manager using the WDOC Form #176.2 *Authorized Signature Form*. Authorization and approval may be delegated as certifying officers to agency personnel as follows:

- i. Each agency director must directly authorize individuals to be his/her “agency director designee” for approval of fiscal documents or other transactions on the agency’s or a department’s behalf;
- ii. Each agency director may then authorize other department personnel to sign financial transactions as “agency approval”.
- iii. Supervisors/Managers who are only indicating their approval to the voucher don’t necessarily need agency approval. These individuals should be initialing the document in the “Agency Optional Use” block on the voucher.

3. **Responsibility of Certifying Officer.** The officer or employee approving or certifying a legal obligation, payment, payroll and other financial transactions is responsible for the existence and correctness of the facts recited in the certificate or stated on the document or its supporting papers, and for the legality of the proposed payment under the appropriation or fund involved. Additionally, the approving officer or employee shall be held accountable for and required to make good to the State the amount of an illegal, improper, or incorrect payment resulting from a false, inaccurate, or misleading certificate made by the officer or employee, or a payment prohibited by law, or which does not represent a legal obligation under the appropriation or fund involved. Responsibility for expenditures and for expenditure control rests with the agency director and, more particularly, with the designated certifying officers. In no event may the agency director or any other certifying officer, approve obligation documents or expenditure documents in excess of the unencumbered balance of the appropriation that would be charged. Authorized certifying officers are individually and officially responsible for their acts with



respect to the certification of transactions. Their certification is not a ministerial act, but is one to be performed or not, according to the judgment of the individual based on the facts establishing the legality and propriety of the claims. They will not be hampered in the exercise of their independent judgment in this matter. While it is not intended to prohibit agency directors from discussing with certifying officers, any facts or circumstances bearing on bills and disbursement transactions with a view toward expediting settlements, nothing in the way of collusion or administrative pressure will be used under any circumstances to obtain certification. On the other hand, certifying officers shall not be arbitrary, capricious, preferential or dilatory in their consideration and disposition of transactions presented for certification. Each designated certifying officer is required to sign the WDOC Form #176.2, *Authorized Signature Form*, indicating that they have read and understand their responsibilities as a certifying officer.

C. Signature Control.

- 1. Original Signatures.** All documents, contracts, legal obligations, payments, payroll and other financial transactions must contain “live” signatures and dates. Live signatures and dates are entered in pen by the agency director or authorized signatory (signature stamps do not comply with this requirement). The date of a signature is an inseparable part of the signature, which documents the actual date of a signatory’s authorization. Date stamps, typed or any other method of pre-filled dates do not comply with this requirement. This requirement applies to both agency and vendor/claimant signatures and signature dates.
 - i.** All signatures will be legible.
 - ii.** Illegible signatures will be followed by employees’ printed name.
 - iii.** In maintaining an effective system of internal control for the financial aspects of the WDOC it may be necessary to have signatures on file for verification and identification purposes. WDOC Form #176.1, *Signature Verification*, shall be utilized as necessary and will be maintained by the requesting office.
 - iv.** Exceptions. Scanned or faxed invoices, packing slips or warehouse receiving forms containing employee signatures receiving the goods or services are acceptable if documented in accordance with paragraph IV. C. below.
- 2. Signature Authority Forms.** WDOC Form #176.2, *Authorized Signature Form*, will be completed:



- i. upon appointment to position designated by the Director as a Certifying Officer;
- ii. as requested by the WDOC Fiscal Manager; and
- iii. upon any changes to the Certifying Officer's name or significant change in signature.
- iv. All original WDOC Form #176.2, *Authorized Signature Forms*, shall be maintained at the WDOC Central Office by the WDOC Fiscal Manager, with copies of applicable completed forms maintained at each facility.
- v. Authorized WDOC "Agency Director/Designee Approval" signature(s) for WOLFS GAX and PRC transactions are generally limited to:
 - a. Director, Deputy Director, Central Services Administrator, Wardens, Deputy Wardens, Accounting Manager and Business Managers.
 - b. Agency Intermediary Approval (Agency Approval) will be the employee who initiates the transaction document on WOLFS.

D. Petty Cash Fund(s). Petty cash accounts allowed under W.S. § 9-4-206(c) will be supported by sufficient justification and requested in writing as specified in the current Wyoming State Treasurer's, *Petty Cash Guidelines*. Such requests will be first approved by the WDOC Director or designee and then forwarded to the Wyoming State Treasurer's Office. A copy of the authorization letter will be maintained at each location operating a petty cash fund with the originals maintained by the WDOC Fiscal Manager.

- 1. The CEO will ensure written procedure and practice in the safeguarding, disbursing, reimbursement and documentation of petty cash accounts and will comply with the policy and provisions as set forth in the current Wyoming State Treasurer's, *Petty Cash Guidelines* and W.S. § 9-4-206(c).
 - i. All monies collected are placed in an officially designated and secure location daily. (ACA 4-4033; 2-CO-1B-06)
 - ii. Petty cash funds will be reconciled at a minimum of once each calendar month. A reconciliation report including a detailed attachment of all monies collected and disbursed will be



electronically forwarded to the WDOC Fiscal Manager by the 10th of each month. (ACA 4-4034)

- iii. Wyoming State Treasurer, State Agencies Checking/Savings Account, *Monthly Reporting Form* will be completed for each petty cash fund/account and electronically forwarded to the State Treasurer's designee within fifteen (15) working days after receipt of bank statement or the end of the prior calendar month.
- iv. All financial institutions utilized must be designated by the Wyoming State Treasurer as an approved Wyoming State Depository.
 - a. Accounts opened in a financial institution for state funds will use the State of Wyoming's tax ID number.
 - b. Accounts opened in financial institutions will require two signatures to withdraw funds, with one of the two signatures being a management level employee as designated in paragraph IV., F., 2., I, herein below. Facility Business Managers will submit to the WDOC Fiscal Manager a list of authorized signatory personnel as updates occur.

F. Wyoming On-Line Financial System (WOLFS). All revenues and expenditures made with public funds will be accounted for in accordance with W.S. 9-4-217(a) – (e) and procedures set forth by governing agencies. Accordingly, all such transactions will be entered into WOLFS utilizing procedures prescribed in *WOLFS III Financial User Guides*.

- 1. Requests for employee initial, modification or removal of security access to WOLFS will be submitted to the WDOC Accounting Manager via email.
 - i. Requests will contain the employee's name, payroll identification number, existing WOLFS user id, job assignment, WOLFS access levels requested and justification for requested access. A SAO *WOLFS User Responsibilities* signed by the employee shall be scanned and attached to the email request.
 - ii. The WDOC Fiscal Manager will complete the *WOLFS Access Security Maintenance Form (WOLFS-110)* and submit to the State Auditor's Office.



- iii. No WOLF's user may approve WOLF's documents which they initiate. The WDOC Central Services Administrator and WDOC Fiscal Manager may initiate and electronically approve a WOLFS document if the Director or a second Director designee physically signs approving the document.
 - iv. WDOC employees with WOLFS user access will attend the first available appropriate WOLFS training courses provided by the Wyoming State Auditor's Office and refresher courses as needed.
- 2. Invoices submitted for payment will contain information as outlined below and in accordance with WDOC Policy & Procedure #1.101, *Fiscal Standards*, paragraph IV. M.
 - i. Original invoices or legible copies shall be utilized for payment processing. CEO's shall ensure sufficient procedures and practice are in place to prevent the duplicate payment of invoices.
 - ii. All invoices for payment will either bear an original signature and date of the employee who received the goods or services on behalf of the WDOC or have attached a packing/warehouse receiving slip bearing the same original signature and date.
 - a. To facilitate prompt payment of invoices, when necessary, scanned or faxed copies of invoices, packing slips or warehouse receiving records containing employees signatures may be utilized.
 - iii. It is the responsibility of the employee, their immediate supervisor; Business Manager and CEO to assure expenses charged to the State, regardless of the funding source, are necessary, for the benefit of the State and completed using the most economical means available which will satisfactorily accomplish the State's business. CEO's shall ensure sufficient procedures and practice are in place to insure this obligation is met. Purchase order system or stamps such as "OK TO PAY" allowing immediate supervisor approval are recommended.
- 3. Revenue receipts and revenue accounting shall comply with all policies and procedures established by the Wyoming State Auditor and Wyoming State Treasurer. CEO's will develop procedures which allow for revenue received on behalf of the state to be recorded, processed and authorized for deposit by a minimum of three different individuals. These procedures will follow incorporate no less than the following:



- i.** Dual copy receipt books or Money Logs will be completed at the time and location where checks/monies are received
- ii.** All revenue received will be deposited with the State Treasurer at a minimum of once each calendar month.
- iii.** Agency authorized signatures on Receipt & Transmittal (WOLFS-101) forms will be:
 - a.** Certifying Officers authorized by the Director on a WDOC Form #176.2, *Authorized Signature Form*
- iv.** Reconciliations shall be performed by the facility Business Manager a minimum of once each calendar month ensuring all receipts recorded in the receipt book(s) or money logs since the last reconciliation have been processed and deposited with the State Treasurer.
 - a.** Business Managers shall submit a report by the 10th of each month to the Central Services Administrator containing a listing of revenue received the prior month and disposition thereof.

G. Audits.

- 1.** WDOC will adhere to all auditing requirements of the State of Wyoming and the Wyoming Department of Audit.
- 2.** Internal audits of each facility will be conducted annually by the Central Services staff. The Central Services Administrator will assemble a team with expertise in the fiscal area. The team will audit for compliance with Wyoming state statutes, ACA fiscal standards, WDOC policy and procedures and GAAP. The team leader will be the WDOC Fiscal Manager.

V. TRAINING POINTS

- A.** Why are internal controls important?
- B.** How are petty cash funds authorized?
- C.** Are dual signatures required on checks?
- D.** What elements are required for each invoice prior to payment?